m/031/003

Fax Transmission

Date: February 12, 2004

From: Unico Incorporated
W. Dan Proctor

To: State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
Salt Lake City, Utah
c/o Lynn Kunzler

Dear Lynn,

The 4 pages to follow were filed with the Division of Water Quality c/o Lyle Stott. The letter is a formal request for a construction permit for a second tailings pond at our Deer Trail facility, along with preliminary analysis of the solids and water contained in the slurried tailings as per DWQ. They are presently reviewing our proposal and will advice us on any additional requirements we may need to supply them with before a construction permit can be issued. Once we have all that is needed for DWQ we will send it on to DOGM for your consideration and records.

Sincerely,

W. Dan Proctor
Project Mgr. Unico Inc.

Unico Incorporated
P.O. Box 777
Magalia, California 95954

Send correspondence to:
W. Dan Proctor
951 East 830 South
Pleasant Grove, Utah 84062

February 06, 2004

To: State of Utah
Division of Water Quality
c/o Lyle Stott
288 North 1460 West
P.O. Box 144870
Salt Lake City, Utah 84114-4870

Re: Deer Trail Mine / Mill, Piute County, Utah, construction permit for additional tailings pond

Dear Mr. Stott,

This letter is a formal request to attain a construction permit for a second tailings pond at our operations near Marysvale in Piute County, Utah. The tailings that will be put in this new pond will be the tails produced from processing dump material from the upper Deer Trail mine area. The dump material has been tested and has proven to be an excellent candidate for the recovery of gold through a simple gravity separation process utilizing a 20" Knelson concentrator, which we have recently installed at our milling facility. The present permitted pond is filled to the point that any additional tails will exceed its capacity.

The dump material will be trucked approximately 1.25 miles to our processing facility where it will be crushed and ground and processed. The process will remain a zero discharge facility. All the water used in this operation will be recycled.

The process is as follows:

1. Ore is crushed in a portable Cedar Rapids crusher to ½" minus.

2. The crushed material will then be fed into a 6x9 Marcy grated ball mill for grinding at 70% solids.

3. The ground material will receive additional water to bring it to 25% to 30% solids and pumped to either the present spiral classifier or a future cyclone for classification.

4. The classified material will be fed into a floor sump where it will be pumped to the feed hopper of the Knelson concentrator.

5. The hopper contains a static screen to eliminate any oversized material, this material will be returned to the ball mill.

6. The screened material will be processed in the Knelson concentrator which is designed to produce a gold rich concentrate.

7. The tailings will then be slurry discharged to the new tailings pond.

8. The tails will be allowed to settle and water will be pumped back to the water surge tank in the mill building and reused in the process.

The initial feed water to the mill is drawn from Cottonwood Creek on the up-hill side of the processing facility. It has been determined that this water does not need to be analyzed being that this water is one of the main contributors to the present ground water system in the immediate area.

The outside dimensions of the new pond will be 135' wide by 160' in length, the inside dimensions will be 75' wide and 130' in length, and 8' deep at the deep end and sloping to 0' at the upper end. The pond will be underlaid with a non-woven geo-fabric cloth to be used as a barrier between the rock laden surface and a 6" layer of clay that will overlay the fabric.

The tailings or slurry produced from this process have been analyzed by American West Analytical Laboratories of Salt Lake City. The slurry was allowed to settle at the lab and a analysis for As, Ba, Cd, Cr, Cu, Pb, Hg, Se, Ag, and Zn was made of the solids, as per the Division of Water Quality. A separate analysis of Cn, F, pH, nitrate (N02 and N03), and nitrate/nitrite (N02/N03) was made of the water, as per the Division of Water Quality. The analysis reports from the laboratory are included with this letter.

We are anxious to get the needed construction permit as soon as possible in order to continue processing these dump materials. The gold produced will be the main source of our immediate cash flow. If you have any questions about this request please don't hesitate to call, 801-361-4242.

Sincerely,

W. Dan Proctor, Project Manger

INORGANIC ANALYSIS REPORT

AMERICAN WEST ANALYTICAL LABORATORIES

463 West 3600 South
Salt Lake City, Utah
84115

(801) 263-8686
Toll Free (888) 263-8686
Fax (801) 263-8687
email: awal@awal-Labs.com

Kyle F. Gross
Laboratory Director

Peggy McNicol
QA Officer

Client: Cash Account
Date Sampled: February 2, 2004
Project: Unico Inc. / Deer Trail Mill

Contact: U. Dan Procter
Date Received: February 3, 2004

Lab Sample ID:
L58760-01A

Field Sample ID:
Knelson Tails

TOTAL METALS

Analytical Results	Units	Date Analyzed	Method Used	Reporting Limit	Analytical Results	
Arsenic	mg/kg-wet	2/5/2004 1:40:40 PM	6020	5.0	**120**	²
Barium	mg/kg-wet	2/5/2004 1:40:40 PM	6020	2.0	**210**	²
Cadmium	mg/kg-wet	2/5/2004 1:40:40 PM	6020	0.40	**9.3**	
Chromium	mg/kg-wet	2/5/2004 1:40:40 PM	6020	10	**17**	~
Copper	mg/kg-wet	2/5/2004 1:40:40 PM	6020	4.0	**300**	²
Lead	mg/kg-wet	2/5/2004 1:40:40 PM	6020	50	**2,400**	²
Mercury	mg/kg-wet	2/5/2004	7471A	0.040	**0.28**	
Selenium	mg/kg-wet	2/5/2004 1:40:40 PM	6020	5.0	**33**	²
Silver	mg/kg-wet	2/5/2004 1:40:40 PM	6020	5.0	**62**	²
Zinc	mg/kg-wet	2/5/2004 1:40:40 PM	6020	100	**1,100**	²

² Analyte concentration is too high for accurate spike recovery.
~ Poor spike recoveries due to suspected sample non-homogeneity.

Released by: _____
Laboratory Supervisor

Report Date: February 6, 2004

INORGANIC ANALYSIS REPORT

AMERICAN WEST ANALYTICAL LABORATORIES

463 West 3600 South
Salt Lake City, Utah
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L58760-01

Field Sample ID:
Knelson Tails

Analytical Results	Units	Date Analyzed	Method Used	Reporting Limit	Analytical Result
Cyanide	mg/kg-wet	02/05/04	9012A	0.12	1.6 '
Fluoride	mg/L	02/04/04	340.2	0.10	2.1
Nitrate (as N)	mg/L	02/04/04 2:19 pm	353.2	0.010	2.0
Nitrate/Nitrite (as N)	mg/L	02/04/04	353.2	0.010	2.0
Nitrite (as N)	mg/L	02/04/04 2:19 pm	353.2	0.010	0.020
pH	pH Units	02/03/04 8:40 pm	9045C	0	7.65 *

* The sample pH was measured in water at 25 degrees Celcius
' Spike recovery indicates matrix interference. The method is in control as indicated by the laboratory control sample (LCS).

Kyle F. Gross
Laboratory Director

Peggy McNicol
QA Officer

Released by: _____
Laboratory Supervisor

Report Date: February 6, 2004